
STATUTORY INSTRUMENTS

2017 No. 516

The Statutory Auditors and Third Country Auditors Regulations 2017

PART 5

Amendments to secondary legislation

Amendments to the Insurance Accounts Directive (Lloyd's Syndicate and Aggregate Accounts) Regulations 2008

15.—(1) The Insurance Accounts Directive (Lloyd's Syndicate and Aggregate Accounts) Regulations 2008⁽¹⁾ are amended as follows.

(2) For regulation 10 (auditor's report) substitute—

“Auditor's report

10.—(1) A syndicate's auditor must make a written report to the syndicate's members on all annual accounts of the syndicate of which copies are to be sent to the syndicate members during the auditor's tenure of office.

(2) The auditor's report must include—

- (a) the identity of the syndicate whose annual accounts are the subject of the audit,
- (b) a description of the annual accounts that are the subject of the audit (including the period covered by those accounts),
- (c) a description of the financial reporting framework that has been applied in the preparation of those accounts, and
- (d) a description of the scope of the audit identifying the auditing standards in accordance with which the audit was conducted.

(3) The report must state clearly the opinion of the auditor as to whether the annual accounts—

(a) give a true and fair view—

- (i) in the case of an individual balance sheet, of the state of affairs of the syndicate as at the end of the financial year, and
- (ii) in the case of an individual profit and loss account, of the profit or loss of the syndicate for the financial year;

(b) have been properly prepared in accordance with the relevant financial reporting framework, and

(c) have been prepared in accordance with the requirements of these Regulations.

(4) The auditor must, in the auditor's report on the syndicate's annual accounts—

⁽¹⁾ [S.I. 2008/1950](#), amended by [S.I. 2013/472](#).

- (a) state whether in the auditor's opinion, based on the work undertaken in the course of the audit—
 - (i) the information given in the managing agent's report for the financial year for which the annual accounts are prepared is consistent with those accounts;
 - (ii) that report has been prepared in accordance with these Regulations,
 - (b) state whether, in the light of the knowledge and understanding of the syndicate and its environment obtained in the course of the audit, the auditor has identified material misstatements in the managing agent's report, and
 - (c) if applicable, give an indication of the nature of each of the misstatements referred to in paragraph (b).
- (5) The auditor's report must—
 - (a) be unqualified or qualified,
 - (b) include a reference to any matters to which the auditor wishes to draw attention by way of emphasis without qualifying the report,
 - (c) include a statement on any material uncertainty relating to events or conditions that may cast doubt on the ability of the syndicate to continue to write future business, and
 - (d) identify the auditor's place of establishment.”.
- (3) In regulation 11 (duties of auditors)—
 - (a) in paragraph (2), for the full-out words at the end substitute “the auditor must state that fact in the auditor's report”.
 - (b) after paragraph (4) insert—
 - “(5) Where more than one person is appointed as an auditor—
 - (a) all the persons appointed must jointly make a report under this regulation and the report must include a statement as to whether all the persons appointed agree on—
 - (i) the matters contained in the report,
 - (ii) the statements under regulation 10(4) and paragraphs (2) and (3) of this regulation, and
 - (iii) the indications given under regulation 10(4), and
 - (b) if all the persons appointed cannot agree on—
 - (i) the matters contained in the report,
 - (ii) the statements under regulations 10(4) and paragraphs (2) and (3) of this regulation, or
 - (iii) the indications given under regulation 10(4),
 the report must include the opinions of each person appointed and give reasons for the disagreement.”.
- (4) In regulation 12 (signature of auditor's report)—
 - (a) in paragraph (1), after “the auditor” insert “(or where more than one person is appointed as auditor, all of their names)”;
 - (b) after paragraph (3) insert—
 - “(4) Where more than one person is appointed as auditor, the report must be signed by all of them.”.
- (5) In regulation 13 (names to be stated in copies of auditor's report published or filed) after paragraph (1) insert—

- “(1A) If more than one person is appointed as auditor, the reference in paragraph (1)(a) to the name of the auditor is to be read as a reference to the names of all the auditors.”.
- (6) In regulation 14 (circumstances in which names may be omitted), at the beginning of paragraph (1), for “The” substitute “An”.
- (7) In regulation 18 (preparation of aggregate accounts by Council of Lloyd’s)—
- (a) at the beginning of paragraph (4), insert “Subject to the modification in paragraph (4A),”;
 - (b) after paragraph (4) insert—
- “(4A) Paragraph 16 of Schedule 3 to the 2008 Regulations applies in relation to the syndicates as if it read “The syndicates are presumed to continue to write future business.”.
- (8) For regulation 22 (auditor’s report) substitute—
- “**22.**—(1) The members of the Council of Lloyd’s must obtain a written auditor’s report on the aggregate accounts.
- (2) The auditor’s report must include—
- (a) a statement that the subject of the review is the aggregate accounts which are an accumulation of the syndicates’ annual accounts prepared in accordance with these Regulations,
 - (b) a description of the aggregate accounts that are the subject of the review (including the period covered by those accounts),
 - (c) a description of the financial reporting framework that has been applied in the preparation of those accounts,
 - (d) a description of the scope of the review identifying the standards in accordance with which the review was conducted, and
 - (e) a clear statement as to whether, in the auditor’s opinion, the aggregate accounts have been properly prepared in accordance with the requirements of these Regulations, and whether those accounts are correctly aggregated.
- (3) The auditor must in the auditor’s report—
- (a) state whether, in the auditor’s opinion, based on the work undertaken in the course of the audit—
 - (i) the information given in the annual report of the Council of Lloyd’s for the financial year for which the aggregate accounts are prepared is consistent with those accounts, and
 - (ii) that report has been prepared in accordance with these Regulations,
 - (b) state whether, in the light of the knowledge and understanding of the syndicates and their environment obtained in the course of the audit, the auditor has identified material misstatements in the annual report of the Council of Lloyd’s, and
 - (c) if applicable, give an indication of the nature of each of the misstatements referred to in paragraph (b).
- (4) The auditor’s report must—
- (a) be either unqualified or qualified,
 - (b) include a reference to any matters to which the auditor wishes to draw attention by way of emphasis without qualifying the report, and
 - (c) identify the auditor’s place of establishment.
- (5) Where more than one person is appointed as an auditor—

- (a) all the persons appointed must jointly make a report under this regulation and the report must include a statement as to whether all the persons appointed agree on—
 - (i) the matters contained in the report,
 - (ii) the statements under paragraph (3), and
 - (iii) the indications given under paragraph (3), and
 - (b) if all the persons appointed cannot agree on—
 - (i) the matters contained in the report,
 - (ii) the statements under paragraph (3), or
 - (iii) the indications given under paragraph (3),

the report must include the opinions of each person appointed and give reasons for the disagreement.”.
- (9) In regulation 23 (signature of auditor’s report)—
 - (a) in paragraph (1) after “the auditor” insert “(or, where more than one person is appointed as auditor, all of their names)”;
 - (b) after paragraph (3) insert—

“(4) Where more than one person is appointed as auditor, the report must be signed by all of them.”.
- (10) In regulation 24 (names to be stated in copies of auditor’s report published or filed) after paragraph (1) insert—

“(1A) If more than one person is appointed as auditor, the reference in paragraph (1)(a) to the name of the auditor is to be read as a reference to the names of all the auditors.”.
- (11) In regulation 25 (circumstances in which names may be omitted), at the beginning of paragraph (1), for “The” substitute “An”.
- (12) In regulation 26 (duties of auditors), after paragraph (3) insert—

“(4) Where more than one person is appointed as auditor, the report must include a statement as to whether all the persons appointed agree on any statements given under paragraphs (2) and (3) and, if they cannot agree on those statements, the report must include the opinions of each person appointed and the reasons for the disagreement.”.
- (13) After regulation 31 (consequential amendment) insert—

“Review

- 32.—**(1) The Treasury must from time to time—
 - (a) carry out a review of the provisions of these Regulations to which amendments have been made by the Statutory Auditors and Third Country Auditors Regulations 2017, and
 - (b) publish a report setting out the conclusions of the review.
- (2) The first report must be published before 1st May 2022.
- (3) Subsequent reports must be published at intervals not exceeding 5 years.
- (4) Section 30(3) of the Small Business, Enterprise and Employment Act 2015(2) requires that a review carried out under this regulation must, so far as is reasonable, have regard to how article 28 of [Directive 2006/43/EC](#) on statutory audits of annual accounts and consolidated accounts(3) is implemented in other member States.

(2) [2015 c. 26](#). Section 30 was amended by section 19 of the Enterprise Act [2016 \(c. 12\)](#).

(3) OJ L 157, 09.06.06, p.87. This Directive was amended by Directives [2008/30/EC](#), 2013/34/EU and 2014/56/EU.

(5) Section 30(4) of the Small Business, Enterprise and Employment Act 2015 requires that a report published under this regulation must, in particular—

- (a) set out the objectives intended to be achieved by the regulatory provision referred to in paragraph (1)(a),
- (b) assess the extent to which those objectives are achieved,
- (c) assess whether those objectives remain appropriate, and
- (d) if those objectives remain appropriate, assess the extent to which they could be achieved in another way which involves less onerous regulatory provision.

(6) In this regulation, “regulatory provision” has the same meaning as in sections 28 to 32 of the Small Business, Enterprise and Employment Act 2015 (see section 32 of that Act).”.

(14) In Schedule 1 (syndicate accounts)—

- (a) in paragraph 1(4), for “sub-paragraph (5)” substitute “sub-paragraphs (4A) and (5)”;
- (b) after paragraph 1(4) insert—

“(4A) Paragraph 16 of Schedule 3 to the 2008 Regulations applies in relation to a syndicate as if it read “The syndicate is presumed to continue to write future business.”.”.